

**UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION**

In the Matter of

American Home Products Corporation,
a corporation.

File No. 971-0009

AGREEMENT CONTAINING CONSENT ORDER

The Federal Trade Commission ("Commission"), having initiated an investigation of the Acquisition of the animal health business of Solvay S.A. ("Solvay") by American Home Products Corporation ("AHP"), and it now appearing that AHP, hereinafter sometimes referred to as "Proposed Respondent," is willing to enter into an Agreement Containing Consent Order ("Agreement") to (i) divest certain assets, (ii) license certain assets, (iii) Contract Manufacture certain products, and (iv) provide for certain other relief:

IT IS HEREBY AGREED by and between Proposed Respondent, by its duly authorized officers and its attorneys, and counsel for the Commission that:

1. Proposed Respondent AHP is a corporation organized, existing, and doing business under and by virtue of the laws of the state of Delaware, with its principal place of business located at Five Giralda Farms, Madison, New Jersey 07940.
2. Proposed Respondent admits all the jurisdictional facts set forth in the draft of complaint here attached.
3. Proposed Respondent waives:
 - (a) any further procedural steps;
 - (b) the requirement that the Commission's decision contain a statement of findings of fact and conclusions of law;
 - (c) all rights to seek judicial review or otherwise to challenge or contest the validity of the order entered pursuant to this Agreement; and

- (d) any claims under the Equal Access to Justice Act.
4. This Agreement shall not become part of the public record of the proceeding unless and until it is accepted by the Commission. If this Agreement is accepted by the Commission it, together with the draft of complaint contemplated thereby, will be placed on the public record for a period of sixty (60) days and information in respect thereto publicly released. The Commission thereafter may either withdraw its acceptance of this Agreement and so notify the Proposed Respondent, in which event it will take such action as it may consider appropriate, or issue and serve its complaint (in such form as the circumstances may require) and decision, in disposition of the proceeding.
 5. This Agreement is for settlement purposes only and does not constitute an admission by the Proposed Respondent that the law has been violated as alleged in the draft of complaint here attached, or that the facts as alleged in the draft complaint, other than jurisdictional facts, are true.
 6. This Agreement contemplates that, if it is accepted by the Commission, and if such acceptance is not subsequently withdrawn by the Commission pursuant to the provisions of Section 2.34 of the Commission's Rules, the Commission may, without further notice to Proposed Respondent, (1) issue its complaint corresponding in form and substance with the draft of complaint here attached and its decision containing the following Order to divest and license and to cease and desist in disposition of the proceeding, and (2) make information public with respect thereto. When so entered, the Order shall have the same force and effect and may be altered, modified, or set aside in the same manner and within the same time provided by statute for other orders. The Order shall become final upon service. Delivery by the United States Postal Service of the complaint and decision containing the agreed-to Order to Proposed Respondent's address as stated in this Agreement shall constitute service. Proposed Respondent waives any right it may have to any other manner of service. The complaint may be used in construing the terms of the Order, and no agreement, understanding, representation, or interpretation not contained in the Order or the Agreement may be used to vary or contradict the terms of the Order.
 7. Proposed Respondent has read the proposed Complaint and Order contemplated hereby. Proposed Respondent understands that once the Order has been issued, it will be required to file one or more compliance reports showing it has fully complied

with the Order. Proposed Respondent further understands that it may be liable for civil penalties in the amount provided by law for each violation of the Order after it becomes final.

ORDER

I.

IT IS ORDERED that, as used in this Order, the following definitions shall apply:

A. "AHP" or "Respondent" means American Home Products Corporation, its predecessors, subsidiaries, divisions, groups and affiliates controlled by AHP, and their respective directors, officers, employees, agents and representatives, and their respective successors and assigns.

B. "Solvay" means Solvay S.A., a corporation organized, existing and doing business under the laws of Belgium with its principal place of business located at Rue du Prince Albert, 33, 1050 Brussels, Belgium.

C. "Acquisition" means the acquisition by AHP of the animal health business of Solvay pursuant to a letter of intent dated September 12, 1996.

D. "Interim Trustee" means the trustee set forth in Paragraph III. of this Order.

E. "Divestiture Trustee" means the trustee set forth in Paragraph IV. of this Order.

F. "Acquirer" means Schering-Plough, Ltd., ("Schering-Plough") or the entity to whom AHP shall divest the Canine Lyme Vaccine Assets, Canine Corona Virus Vaccine Assets and Feline Leukemia Vaccine Assets pursuant to Paragraph II. of this Order.

G. "New Acquirer" means the entity to whom the Divestiture Trustee shall divest the Solvay Companion Animal Vaccine Assets pursuant to Paragraph IV. of this Order.

H. "Commission" means the Federal Trade Commission.

I. "Canine Lyme Vaccine" means all Solvay vaccines used to create and maintain antitoxin levels in dogs to prevent lyme disease.

J. "Canine Lyme Vaccine Assets" means Solvay 's assets and rights, as of the date AHP signs this Agreement Containing Consent Order, relating to the research, development, manufacture and sale of Canine Lyme Vaccine that are not part of Solvay 's physical facilities; **provided, however**, that for the single antigen lyme, "Canine Lyme Vaccine Assets" does not include, and AHP may retain, a non-exclusive right for AHP to research, develop, manufacture and sell products for use in species other than canines. "Canine Lyme Vaccine Assets" does not include, and AHP may retain, co-exclusive rights to all regulatory approvals relating to sales outside the United States and Canada and a non-exclusive right for AHP to research, develop, and manufacture Canine Lyme Vaccine for sale outside the United States and Canada.

K. "Canine Corona Virus Vaccines" means all Solvay combination vaccines used to create and maintain antitoxin levels in dogs to prevent corona virus, including the single antigens contained therein, individually, or in any combination.

L. "Canine Corona Virus Vaccine Assets" means Solvay 's assets and rights, as of the date AHP signs this Agreement Containing Consent Order, relating to the research, development, manufacture and sale of Canine Corona Virus Vaccines that are not part of Solvay 's physical facilities. "Canine Corona Virus Vaccine Assets" includes, but is not limited to, any single antigen included in any Solvay canine corona virus combination vaccine and those Solvay projects relating to improving any of the antigens currently in any canine corona virus combination vaccine or the research and development of any antigens for possible inclusion in any canine corona virus combination vaccine in the future; **provided, however**, that for the single antigen corona, "Canine Corona Virus Vaccine Assets" does not include, and AHP may retain, a non-exclusive right for AHP to research, develop, manufacture and sell products for use in species other than canines. "Canine Corona Virus Vaccine Assets" does not include, and AHP may retain, co-exclusive rights to all regulatory approvals relating to sales outside the United States and Canada and a non-exclusive right for AHP to research, develop, and manufacture Canine Corona Virus Vaccines for sale outside the United States and Canada.

M. "Feline Leukemia Vaccines" means all Solvay combination vaccines used to create and maintain antitoxin levels in cats to prevent feline leukemia, including the single antigens contained therein, individually, or in any combination.

N. "Feline Leukemia Vaccine Assets" means Solvay 's assets and rights, as of the date AHP signs this Agreement Containing Consent Order, relating to the research, development, manufacture and sale of Feline Leukemia Vaccines that are not part of Solvay's physical facilities. "Feline Leukemia Vaccine Assets" includes, but is not limited to, any single antigen in any Solvay feline leukemia combination vaccine and Solvay projects relating to improving any of the antigens currently in any feline leukemia combination vaccine or the research and development of any antigens for possible inclusion in any feline leukemia combination vaccine in the future. "Feline Leukemia Vaccine Assets" does not include, and AHP may retain, co-exclusive rights to all regulatory approvals relating to sales outside the United States and Canada and a non-exclusive right for AHP to research, develop, manufacture, and sell Solvay 's feline leukemia combination vaccines with rabies for a period of four years from the date this Order becomes final. "Feline Leukemia Vaccine Assets" does not include, and AHP may retain, co-exclusive rights to all regulatory approvals relating to sales outside the United States and Canada and a non-exclusive right to research, develop, manufacture and sell the rabies single antigen. AHP shall have the exclusive rights to any combination of the rabies antigen with other AHP antigens. "Feline Leukemia Vaccine Assets" does not include, and AHP may retain, co-exclusive rights to all regulatory approvals relating to sales outside the United States and Canada and a non-exclusive right for AHP to research, develop, manufacture and sell Feline Leukemia Vaccines outside the United States and Canada. "Feline Leukemia Vaccine Assets" does not include, and AHP may retain, an exclusive right for AHP to research, develop, manufacture and sell products incorporating the feline immunodeficiency virus and feline infectious peritonitis antigens.

O. "Equine Vaccines" means all Solvay equine vaccines in combination or single antigen.

P. "Equine Vaccine Assets" means Solvay 's assets and rights as of the date AHP signs this Agreement Containing Consent Order, relating to the research, development, manufacture and sale of Equine Vaccines manufactured at the Charles City Facility that are not part of Solvay 's physical facilities. "Equine Vaccine Assets" includes, but is not limited to, any single antigens included in any Solvay equine combination vaccine and those Solvay projects relating to improving any of the antigens currently in any equine combination vaccine or the research and development of any antigens for possible inclusion in any equine combination vaccine.

Q. "Solvay Companion Animal Vaccine Assets" means Solvay 's assets and rights, including, but not limited to, all inventory designated for sale in the United States and Canada and 50% of the inventory designated for sale outside the United States and Canada, as of the date the Divestiture Trustee divests to the New Acquirer, relating to the research, development, manufacture and sale of Canine Lyme Vaccine Assets, Canine Corona Virus Vaccines Assets, Feline Leukemia Vaccines Assets and Equine Vaccines Assets, including the single antigens contained therein, individually, or in any combination. "Solvay Companion Animal Vaccine Assets" includes, but is not limited to, the Charles City Facility and at AHP 's discretion a supply contract, for a term not to exceed (3) three years, from the date of the divestiture between AHP and the New Acquirer, to supply AHP (i) any swine or poultry vaccines for sale worldwide, (ii) any Canine Lyme Vaccine, Canine Corona Virus Vaccines, and Feline Leukemia Vaccines for sale by AHP outside the United States and Canada and (iii) single antigen rabies vaccine and feline leukemia combination vaccine containing rabies for sale worldwide being produced at the Charles City Facility at the time of divestiture to the New Acquirer and priced at each vaccine 's Average Total Cost.

R. "Divestiture Agreement" means the agreement for the sale of Canine Lyme Vaccine Assets, Canine Corona Virus Vaccine Assets and Feline Leukemia Vaccine Assets between AHP and an Acquirer or New Acquirer.

S. "Charles City Facility" means the facility located in Charles City, Iowa, in which Solvay manufactures companion animal biologicals.

T. "Contract Manufacture Agreement" means an agreement to manufacture Canine Lyme Vaccine, Canine Corona Virus Vaccines, Feline Leukemia Vaccines or rabies vaccine by AHP for sale to the Acquirer or New Acquirer.

U. "Contract Manufacture" means the manufacture of Canine Lyme Vaccine, Canine Corona Virus Vaccines, Feline Leukemia Vaccines or rabies vaccine by AHP for sale to the Acquirer or New Acquirer.

V. "Cost" means Solvay 's average direct per unit cost for each of the single antigens and the combination vaccines referred to in Definitions "J", "L" and "N".

W. "USDA" means the United States Department of Agriculture.

X. "Average Total Cost" means average direct per unit cost including all allocated overhead for each of the swine and poultry vaccines, Canine Lyme Vaccine, Canine Corona Virus Vaccines, Feline Leukemia Vaccines, single antigen rabies vaccine and feline leukemia combination vaccine with rabies referred to in Definition "Q".

II.

IT IS FURTHER ORDERED that:

A. Respondent shall divest, absolutely and in good faith, the Solvay Canine Lyme Vaccine Assets, Canine Corona Virus Vaccine Assets and the Feline Leukemia Vaccine Assets to (1) Schering-Plough, in accordance with the agreement dated January 30, 1997, no later than ten (10) days after the date on which this Order becomes final; or, (2) at no minimum price, within ninety (90) days of the date on which this Order becomes final, to an Acquirer that receives the prior approval of the Commission and only in a manner that receives the prior approval of the Commission. The purpose of the divestiture of the Canine Lyme Vaccine Assets, Canine Corona Virus Vaccine Assets and Feline Leukemia Vaccine Assets is to ensure the continued use of the Canine Lyme Vaccine Assets, Canine Corona Virus Vaccine Assets and Feline Leukemia Vaccine Assets in the same business in which the Canine Lyme Vaccine Assets, Canine Corona Virus Vaccine Assets and Feline Leukemia Vaccine Assets are engaged at the time of the proposed Acquisition and to remedy the lessening of competition resulting from the proposed Acquisition as alleged in the Commission's complaint.

B. Respondent shall enter into a Divestiture Agreement with Schering-Plough or an Acquirer that shall include the following and AHP shall commit to satisfy the following:

1. AHP shall Contract Manufacture and deliver to the Acquirer (or the New Acquirer, as applicable) in a timely manner and under reasonable terms and conditions, a supply of Solvay's Canine Lyme Vaccine, Canine Corona Virus Vaccines and Feline Leukemia Vaccines specified in the Divestiture Agreement at Cost for a period not to exceed twenty-four (24) months from the date the Divestiture Agreement (or the New Acquirer's Divestiture Agreement) is approved, or three (3) months after the date the Acquirer or the New Acquirer obtains all necessary USDA approvals to manufacture and sell Canine

Lyme Vaccine, Canine Corona Virus Vaccines or Feline Leukemia Vaccines in the United States, whichever is earlier; **provided, however,** that the twenty-four (24) month period may be extended by the Commission for one additional period of up to twelve (12) months if the Interim Trustee submits to the Commission the certification provided for in Subparagraph II.B.8. of this Order.

2. After AHP commences delivery of the Canine Lyme Vaccine, Canine Corona Virus Vaccines and Feline Leukemia Vaccines to the Acquirer or the New Acquirer pursuant to Subparagraph II.B. of this Order, all United States and Canadian inventory of the Canine Lyme Vaccine, Canine Corona Virus Vaccines and Feline Leukemia Vaccines acquired by AHP through the Acquisition may be sold by AHP only to the Acquirer (or the New Acquirer, as applicable).
3. AHP shall make representations and warranties to the Acquirer or the New Acquirer that the Canine Lyme Vaccine, Canine Corona Virus Vaccines and Feline Leukemia Vaccines supplied pursuant to the Contract Manufacturing Agreement by AHP to the Acquirer or the New Acquirer meet the USDA approved specifications. AHP shall agree to indemnify, defend and hold the Acquirer or the New Acquirer harmless from any and all suits, claims, actions, demands, liabilities, expenses or losses alleged to result from the failure of the Canine Lyme Vaccine, Canine Corona Virus Vaccines or Feline Leukemia Vaccines supplied to the Acquirer or New Acquirer pursuant to the Contract Manufacturing Agreement by AHP to meet USDA specifications. This obligation shall be contingent upon the Acquirer or the New Acquirer giving AHP prompt, adequate notice of such claim, cooperating fully in the defense of such claim, and permitting AHP to assume the sole control of all phases of the defense and/or settlement of such claim, including the selection of counsel. This obligation shall not require AHP to be liable for any negligent act or omission of the Acquirer or the New Acquirer or for any representations and warranties, express or implied, made by the Acquirer or the New Acquirer that exceed the representations and warranties made by AHP to the Acquirer or the New Acquirer.
4. During the term of the Contract Manufacturing Agreement between AHP and the Acquirer or the New Acquirer, upon

reasonable request by the Acquirer, New Acquirer or the Interim Trustee, AHP shall make available to the Interim Trustee all records kept in the normal course of business that relate to the Cost of manufacturing Canine Lyme Vaccine, Canine Corona Virus Vaccines or Feline Leukemia Vaccines.

5. Upon reasonable notice and request from the Acquirer or the New Acquirer to AHP, AHP shall provide: (a) such assistance and advice as is reasonably necessary to enable the Acquirer or the New Acquirer to obtain all necessary USDA approvals to manufacture and sell Canine Lyme Vaccine, Canine Corona Virus Vaccines and Feline Leukemia Vaccines in the United States; (b) such assistance to the Acquirer or New Acquirer as is reasonably necessary to enable the Acquirer or New Acquirer to manufacture Canine Lyme Vaccine, Canine Corona Virus Vaccines and Feline Leukemia Vaccines in substantially the same manner and quality employed or achieved by Solvay at the time the Agreement Containing Consent Order is signed; and (c) consultation with knowledgeable employees of AHP and training at either the Charles City Facility or the Acquirer's or New Acquirer's facility, at the Acquirer's or New Acquirer's option for a period of time until the Acquirer or New Acquirer receives certification from the USDA or abandons its efforts for certification from the USDA, sufficient to satisfy reasonably the management of the Acquirer or New Acquirer that its personnel are adequately trained in the manufacture and sale of Canine Lyme Vaccine, Canine Corona Virus Vaccines and Feline Leukemia Vaccines in the United States. Such assistance shall include an on-site inspection of the Charles City Facility, at the Acquirer's or New Acquirer's request, that is the specified source of supply of the Contract Manufacturing. AHP may require reimbursement from the Acquirer or New Acquirer for all its direct out-of-pocket expenses incurred in providing the services required by this Subparagraph II.B.5.
6. The Divestiture Agreement shall require the Acquirer or the New Acquirer to submit to the Commission, at the same time that the Respondent submits its application for approval of divestiture, a certification attesting to the good faith intention of the Acquirer or the New Acquirer, including an actual plan by the Acquirer or the New Acquirer, to obtain in an expeditious manner all necessary USDA approvals to manufacture and sell Canine

Lyme Vaccine, Canine Corona Virus Vaccines and Feline Leukemia Vaccines in the United States.

7. The Divestiture Agreement shall require the Acquirer or the New Acquirer to submit to the Interim Trustee, periodic verified written reports setting forth in detail the efforts of the Acquirer or the New Acquirer to sell in the United States, Canine Lyme Vaccine, Canine Corona Virus Vaccines, and Feline Leukemia Vaccines obtained pursuant to the Contract Manufacturing Agreement and to obtain all USDA approvals necessary to manufacture and sell its own Canine Lyme Vaccine, Canine Corona Virus Vaccines and Feline Leukemia Vaccines in the United States. The Divestiture Agreement shall require the first such report to be submitted 60 days from the date the Divestiture Agreement is approved by the Commission and every 90 days thereafter until all necessary USDA approvals are obtained by the Acquirer or the New Acquirer to manufacture and sell Canine Lyme Vaccine, Canine Corona Virus Vaccines and Feline Leukemia Vaccines in the United States. The Divestiture Agreement shall also require the Acquirer or the New Acquirer to report to the Commission and the Interim Trustee within ten (10) days of its ceasing the sale in the United States of Canine Lyme Vaccine, Canine Corona Virus Vaccines or Feline Leukemia Vaccines obtained pursuant to the Contract Manufacture Agreement for any time period exceeding sixty (60) days or abandoning its efforts to obtain all necessary USDA approvals to manufacture and sell its own Canine Lyme Vaccine, Canine Corona Virus Vaccines or Feline Leukemia Vaccines in the United States.

8. The Divestiture Agreement shall provide that the Commission may terminate the Divestiture Agreement if the Acquirer or the New Acquirer: (a) voluntarily ceases for sixty (60) days or more the sale of Canine Lyme Vaccine, Canine Corona Virus Vaccines or Feline Leukemia Vaccines (except for feline leukemia combinations including the rabies antigen) in the United States prior to obtaining all necessary USDA approvals to manufacture and sell Canine Lyme Vaccine, Canine Corona Virus Vaccines or Feline Leukemia Vaccines in the United States; (b) abandons its efforts to obtain all necessary USDA approvals to manufacture and sell Canine Lyme Vaccine, Canine Corona Virus Vaccines or Feline Leukemia Vaccines (except for feline leukemia combinations including the rabies antigen) in the United States; or (c) fails to obtain all necessary USDA approvals of its own to manufacture and sell Canine Lyme Vaccine, Canine Corona Virus Vaccines or Feline Leukemia Vaccines (except for feline leukemia combinations including the rabies antigen) in the United States within twenty-four (24) months from the date the Commission approves the Divestiture Agreement between AHP and the Acquirer or the New Acquirer; **provided, however,** that the twenty-four (24) month period may be extended by the Commission for one additional period of up to twelve (12) months if the Interim Trustee certifies to the Commission that the Acquirer or the New Acquirer made good faith efforts to obtain all necessary USDA approvals to manufacture and sell Canine Lyme Vaccine, Canine Corona Virus Vaccines and Feline Leukemia Vaccines in the United States and that such USDA approvals appear likely to be obtained within such extended time period.

9. The Divestiture Agreement shall provide that if it is terminated, the Canine Lyme Vaccine Assets, Canine Corona Virus Vaccine Assets, and the Feline Leukemia Vaccine Assets shall revert back to AHP and the Canine Lyme Vaccine Assets, Canine Corona Virus Vaccine Assets, and the Feline Leukemia Vaccine Assets shall be divested by the Divestiture Trustee to a New Acquirer pursuant to the provisions of Paragraph IV. of this Order.

C. While the obligations imposed by Paragraphs II., III. or IV. of this Order are in effect, Respondent shall take such actions as are necessary: (1) to maintain all necessary USDA approvals to manufacture and sell Canine Lyme Vaccine, Canine Corona Virus Vaccines, Feline Leukemia Vaccines, including the

single antigen rabies, and Equine Vaccines in the United States; (2) to maintain the viability and marketability of the Canine Lyme Vaccine Assets, Canine Corona Virus Vaccine Assets, Feline Leukemia Vaccine Assets, including single antigen rabies, and Equine Vaccine Assets, as well as all tangible assets, including the Charles City Facility, used to manufacture and sell Canine Lyme Vaccine, Canine Corona Virus Vaccines and Feline Leukemia Vaccines; and (3) to prevent the destruction, removal, wasting, deterioration or impairment of the Canine Lyme Vaccine Assets, Canine Corona Virus Vaccine Assets, Feline Leukemia Vaccine Assets and Equine Vaccine Assets, including the Charles City Facility, used to manufacture and sell Canine Lyme Vaccine, Canine Corona Virus Vaccines, Feline Leukemia Vaccines or Equine Vaccines except for ordinary wear and tear. Nothing herein shall prohibit AHP from transferring products, including the single antigen rabies, other than the Canine Lyme Vaccine Assets, Canine Corona Virus Vaccine Assets, Feline Leukemia Vaccine Assets, or Equine Vaccines from the Charles City Facility to any other AHP facility.

D. Respondent agrees not to sue the Acquirer or the New Acquirer for patent infringement with regard to the Acquirer's or the New Acquirer's manufacture or sale of Canine Corona Virus Vaccines or Feline Leukemia Vaccines. Respondent agrees not to acquire the right to sue the Acquirer or the New Acquirer for patent infringement with regard to the Acquirer's or the New Acquirer's manufacture or sale of the Canine Lyme Vaccine.

III.

IT IS FURTHER ORDERED that:

A. At any time after the Order becomes final, the Commission may appoint an Interim Trustee to monitor that AHP and the Acquirer or New Acquirer, expeditiously perform their respective responsibilities as required by this Order and the Divestiture Agreement approved by the Commission. AHP shall consent to the following terms and conditions regarding the powers, duties, authorities, and responsibilities of the Interim Trustee appointed pursuant to this Paragraph:

1. The Commission shall select the Interim Trustee, subject to the consent of AHP, which consent shall not be unreasonably withheld. If AHP has not opposed, in writing, including the reasons for opposing, the selection of any proposed trustee within ten (10) days after notice by the staff of the Commission to AHP of

the identity of any proposed trustee, AHP shall be deemed to have consented to the selection of the proposed trustee.

2. The Interim Trustee shall have the power and authority to monitor AHP's compliance with the terms of this Order and with the terms of the Divestiture Agreement with the Acquirer or New Acquirer.
3. Within ten (10) days after appointment of the Interim Trustee, AHP shall execute a trust agreement that, subject to the prior approval of the Commission, confers on the Interim Trustee all the rights and powers necessary to permit the Interim Trustee to monitor AHP's compliance with the terms of this Order and with the Divestiture Agreement with the Acquirer or New Acquirer, and to monitor the compliance of the Acquirer or New Acquirer under the Divestiture Agreement.
4. The Interim Trustee shall serve until such time as the Acquirer or New Acquirer has received all necessary USDA approvals to manufacture and sell Canine Lyme Vaccine, Canine Corona Virus Vaccines, and Feline Leukemia Vaccines (except for feline leukemia combinations including rabies) in the United States.
5. The Interim Trustee shall have full and complete access to AHP's personnel, books, records, documents, facilities and technical information relating to the research, development, manufacture, importation, distribution and sale of Canine Lyme Vaccine, Canine Corona Virus Vaccines, or Feline Leukemia Vaccines, or to any other relevant information, as the Interim Trustee may reasonably request, including, but not limited to, all documents and records kept in the normal course of business that relate to the manufacturing of Canine Lyme Vaccine, Canine Corona Virus Vaccines, and Feline Leukemia Vaccines. AHP shall cooperate with any reasonable request of the Interim Trustee. AHP shall take no action to interfere with or impede the Interim Trustee's ability to monitor AHP's compliance with Paragraphs II., III. and IV. of this Order and the Divestiture Agreement between AHP and the Acquirer or New Acquirer.
6. The Interim Trustee shall serve, without bond or other security, at the cost and expense of AHP, on such reasonable and customary terms and conditions as the

Commission may set. The Interim Trustee shall have authority to employ, at the cost and expense of AHP, such consultants, accountants, attorneys and other representatives and assistants as are reasonably necessary to carry out the Interim Trustee's duties and responsibilities. The Interim Trustee shall account for all expenses incurred, including fees for his or her services, subject to the approval of the Commission.

7. AHP shall indemnify the Interim Trustee and hold the Interim Trustee harmless against any losses, claims, damages, liabilities or expenses arising out of, or in connection with, the performance of the Interim Trustee's duties, including all reasonable fees of counsel and other expenses incurred in connection with the preparations for, or defense of any claim whether or not resulting in any liability, except to the extent that such liabilities, losses, damages, claims, or expenses result from the misfeasance, gross negligence, willful or wanton acts, or bad faith by the Interim Trustee.
8. If the Interim Trustee ceases to act or fails to act diligently, a substitute trustee shall be appointed in the same manner as provided in Subparagraph III.A.1. of this Order.
9. The Commission may on its own initiative or at the request of the Interim Trustee issue such additional orders or directions as may be necessary or appropriate to assure compliance with the requirements of this Order and the Divestiture Agreement with the Acquirer or New Acquirer.
10. The Interim Trustee shall evaluate reports submitted to it by the Acquirer or the New Acquirer with respect to the efforts of the Acquirer or the New Acquirer to obtain all necessary USDA approvals to manufacture and sell Canine Lyme Vaccine, Canine Corona Virus Vaccines and Feline Leukemia Vaccines. The Interim Trustee shall report in writing to the Commission every two months concerning compliance by AHP and the Acquirer or New Acquirer, with the provisions of Paragraphs II., III. and IV. of this Order and the efforts of the Acquirer or New Acquirer to obtain all necessary USDA approvals to manufacture and sell Canine Lyme Vaccine, Canine Corona Virus Vaccines, and Feline Leukemia Vaccines in the United States.

B. If the Commission terminates the Divestiture Agreement pursuant to Subparagraph II.B.8. of this Order, the Commission may direct the Interim Trustee to seek a New Acquirer, as provided for in Subparagraph II.B.9. of this Order.

IV.

IT IS FURTHER ORDERED that:

A. If AHP fails to divest absolutely and in good faith, and with the Commission's prior approval: the Canine Lyme Vaccine Assets, the Canine Corona Virus Vaccine Assets, and the Feline Leukemia Vaccine Assets and comply with the requirements of Paragraph II. of this Order, or if Schering-Plough or the Acquirer abandons its efforts or fails to obtain all necessary regulatory approvals in the manner set out in Paragraph II.B.8.(b) and (c), then any executed Divestiture Agreement between AHP and Schering-Plough or an Acquirer, as applicable, shall be terminated and the Commission may appoint a Divestiture Trustee to divest the Solvay Companion Animal Vaccine Assets and execute a new Divestiture Agreement that satisfies the requirements of Paragraph II. of this Order. The Divestiture Trustee may be the same person as the Interim Trustee and will have the authority and responsibility to divest the Solvay Companion Animal Vaccine Assets absolutely and in good faith, and with the Commission's prior approval. The proceeds of any divestiture by the Divestiture Trustee shall be for the account of AHP.

B. If the Commission terminates a Divestiture Agreement and if a Divestiture Trustee is appointed or directed by the Commission or a court pursuant to Subparagraph A. of this Paragraph to divest the Solvay Companion Animal Vaccine Assets to a New Acquirer, AHP shall consent to the following terms and conditions regarding the Divestiture Trustee's powers, duties, authority, and responsibilities:

1. The Divestiture Trustee shall have the same authority and responsibilities with respect to the New Acquirer as those described in Paragraph III. of this Order, as well as the authority and responsibility necessary to effect the required divestiture pursuant to this Paragraph.

2. Neither the decision of the Commission to direct the Divestiture Trustee, nor the decision of the Commission not to direct the Divestiture Trustee, to divest

any of the assets under Subparagraph A. of this Paragraph shall preclude the Commission or the Attorney General from seeking civil penalties or any other relief available to it, including a court-appointed trustee, pursuant to § 5(1) of the Federal Trade Commission Act, or any other statute enforced by the Commission, for any failure by the Respondent to comply with this Order.

3. The Commission shall select the Divestiture Trustee, subject to the consent of AHP, which consent shall not be unreasonably withheld. If AHP has not opposed, in writing, including the reasons for opposing, the selection of any proposed Divestiture Trustee within ten (10) days after notice by the staff of the Commission to AHP of the identity of any proposed Divestiture Trustee, AHP shall be deemed to have consented to the selection of the proposed Divestiture Trustee. The Divestiture Trustee may be the same person as the Interim Trustee.

4. Subject to the prior approval of the Commission, the Divestiture Trustee shall have the exclusive power and authority to divest the Solvay Companion Animal Vaccine Assets to a New Acquirer pursuant to the terms of this Order and to enter into a Divestiture Agreement with the New Acquirer pursuant to the terms of this Order, which Divestiture Agreement shall be subject to the prior approval of the Commission.

5. Within ten (10) days after appointment of the Divestiture Trustee, AHP shall execute a (or amend the existing) trust agreement that, subject to the prior approval of the Commission and, in the case of a court-appointed trustee, of the court, transfers to the Divestiture Trustee all rights and powers necessary to permit the Divestiture Trustee to divest the Solvay Companion Animal Vaccine Assets to a New Acquirer and to enter into a Divestiture Agreement with the New Acquirer.

6. The Divestiture Trustee shall have six (6) months from the date the Commission approves the trust agreement described in subparagraph IV.B.3. of this Order to divest the Solvay Companion Animal Vaccine Assets and to enter into a Divestiture Agreement with the New Acquirer that satisfies the requirements of Paragraph II. of this Order. If, however, at the end of the applicable six (6) month period, the Divestiture Trustee has submitted to the Commission a plan of divestiture or believes that divestiture can be achieved within a reasonable time, such divestiture period

may be extended by the Commission, or, in the case of a court-appointed trustee, by the court; **provided, however,** the Commission may extend such divestiture period only two (2) times.

7. The Divestiture Trustee shall have full and complete access to the personnel, books, records and facilities of AHP related to the manufacture, distribution, or sale of the Canine Lyme Vaccine, Canine Corona Virus Vaccines and Feline Leukemia Vaccines or to any other relevant information, as the Divestiture Trustee may request.

AHP shall develop such financial or other information as the Divestiture Trustee may request and shall cooperate with the Divestiture Trustee. AHP shall take no action to interfere with or impede the Divestiture Trustee's accomplishment of his or her responsibilities.

8. The Divestiture Trustee shall use reasonable efforts to negotiate the most favorable price and terms available in each contract that is submitted to the Commission, subject to AHP's absolute and unconditional obligation to divest at no minimum price and the Divestiture Trustee's obligation to expeditiously accomplish the remedial purpose of the Order; to assure that AHP enters into a Divestiture Agreement that complies with the provisions of Paragraph IV.A.; to assure that AHP complies with the remaining provisions of Paragraphs IV. of this Order; and to assure that the New Acquirer obtains all necessary USDA approvals to manufacture and sell Canine Lyme Vaccine, Canine Corona Virus Vaccines, and Feline Leukemia Vaccines in the United States. The divestiture shall be made to, and the Divestiture Agreement executed with, the New Acquirer in the manner set forth in Paragraph II. of this Order; **provided, however,** if the Divestiture Trustee receives bona fide offers from more than one acquiring entity, and if the Commission determines to approve more than one such acquiring entity, the Divestiture Trustee shall divest to the acquiring entity selected by AHP from among those approved by the Commission.

9. The Divestiture Trustee shall serve, without bond or other security, at the cost and expense of AHP, on such reasonable and customary terms and conditions as the Commission or a court may set. The Divestiture Trustee shall have the authority to employ, at the cost and expense of AHP, such consultants, accountants, attorneys, investment bankers, business brokers, appraisers, and other representatives and assistants as are necessary to carry out the Divestiture Trustee's duties and responsibilities. The Divestiture

Trustee shall account for all monies derived from the divestiture and all expenses incurred. After approval by the Commission and, in the case of a court-appointed trustee, by the court, of the account of the trustee, including fees for his or her services, all remaining monies shall be paid at the direction of AHP. The Divestiture Trustee's compensation shall be based at least in significant part on a commission arrangement contingent on the Divestiture Trustee's locating a New Acquirer and assuring compliance with this Order.

10. AHP shall indemnify the Divestiture Trustee and hold the Divestiture Trustee harmless against any losses, claims, damages, liabilities, or expenses arising out of, or in connection with, the performance of the Divestiture Trustee's duties, including all reasonable fees of counsel and other expenses incurred in connection with the preparation for, or defense of any claim, whether or not resulting in any liability, except to the extent that such liabilities, losses, damages, claims, or expenses result from misfeasance, gross negligence, willful or wanton acts, or bad faith by the Divestiture Trustee.

11. If the Divestiture Trustee ceases to act or fails to act diligently, a substitute trustee shall be appointed in the same manner as provided in Paragraph IV. of this Order.

12. The Commission or, in the case of a court-appointed trustee, the court, may on its own initiative or at the request of the Divestiture Trustee issue such additional orders or directions as may be necessary or appropriate to comply with the terms of this Order.

13. The Divestiture Trustee shall have no obligation or authority to operate or maintain the Solvay Companion Animal Vaccine Assets.

14. The Divestiture Trustee shall report in writing to AHP and the Commission every two months concerning his or her efforts to divest the relevant assets, AHP's compliance with the terms of this Order, and the New Acquirer's efforts to obtain all necessary USDA approvals to manufacture and sell the Canine Lyme Vaccine, Canine Corona Virus Vaccines and Feline Leukemia Vaccines.

V.

IT IS FURTHER ORDERED that:

A. Within sixty (60) days of the date this Order becomes final and every ninety (90) days thereafter until AHP has fully complied with the provisions of Paragraphs II., III. and IV. of this Order, AHP shall submit to the Commission a verified written report setting forth in detail the manner and form of which it intends to comply, is complying, and has complied with these Paragraphs of this Order. AHP shall include in its compliance reports, among other things that are required from time to time, a full description of the efforts being made to comply with these Paragraphs of this Order, including a description of all substantive contacts or negotiations for accomplishing the divestiture and entering into the Divestiture Agreement required by this Order, including the identity of all parties contacted. AHP shall include in its compliance reports copies of all written communications to and from such parties, all internal memoranda, and all reports and recommendations concerning the Divestiture Agreement required by Paragraph II.

B. One (1) year from the date this Order becomes final and annually until AHP has complied with all terms of this Order or until the Acquirer or New Acquirer has obtained all necessary USDA approvals to manufacture and sell Canine Lyme Vaccine, Canine Corona Virus Vaccines and Feline Leukemia Vaccines in the United States, and at such other times as the Commission may require, AHP shall file a verified written report with the Commission setting forth in detail the manner and form in which it has complied and is complying with this Order.

VI.

IT IS FURTHER ORDERED that, for the purpose of determining or securing compliance with this Order, and subject to any legally recognized privilege, upon written request and on reasonable notice to Respondent, Respondent shall permit any duly authorized representatives of the Commission:

A. Access, during office hours and in the presence of counsel, to inspect and copy all books, ledgers, accounts, correspondence, memoranda and other records and documents in the possession or under the control of Respondent, relating to any matters contained in this consent order; and

B. Upon five (5) days' notice to Respondent, and without restraint or interference from Respondent, to interview officers or employees of Respondent, who may have counsel present, regarding such matters.

VII.

IT IS FURTHER ORDERED that Respondent shall notify the Commission at least thirty (30) days prior to any change in Respondent such as dissolution, assignment or sale resulting in the emergence of a successor, the creation or dissolution of subsidiaries or any other change that may affect compliance obligations arising out of the Order.

Signed this _____ day of _____, 1997.

**FEDERAL TRADE COMMISSION
BUREAU OF COMPETITION**

**AMERICAN HOME PRODUCTS
CORPORATION**

By: _____
Counsel for the Federal
Trade Commission

By: _____
Louis L. Hoynes, Jr.
Sr. Vice President and
General Counsel

APPROVED:

Ann Malester
Assistant Director

Elliot Feinberg
Assistant General Counsel

George S. Cary
Senior Deputy Director

Michael N. Sohn
Arnold & Porter
Counsel for American Home
Products Corporation

William J. Baer
Director
Bureau of Competition

**UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION**

In the Matter of

American Home Products Corporation,
a corporation.

Docket No.

COMPLAINT

The Federal Trade Commission ("Commission "), having reason to believe that Respondent, American Home Products Corporation ("AHP"), a corporation subject to the jurisdiction of the Commission, has agreed to acquire the animal health business of Solvay S.A. ("Solvay "), a corporation subject to the jurisdiction of the Commission, in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45, and it appearing to the Commission that a proceeding in respect thereof would be in the public interest, hereby issues its Complaint, stating its charges as follows:

I. DEFINITIONS

1. "Canine Lyme Vaccines" means all vaccines used to create and maintain antitoxin levels in dogs to prevent lyme disease.
2. "Canine Corona Virus Vaccines" means all combination vaccines used to create and maintain antitoxin levels in dogs to prevent corona virus, including the single antigens contained therein, individually, or in any combination.
3. "Feline Leukemia Vaccines" means all combination vaccines used to create and maintain antitoxin levels in cats to prevent feline leukemia, including the single antigens contained therein, individually, or in any combination.
4. "Respondent" means AHP.

II. RESPONDENT

5. Respondent AHP is a corporation organized, existing, and doing business under and by virtue of the laws of the state of Delaware, with its principal place of business located at Five Giralda Farms, Madison, New Jersey 07940.
6. Respondent is engaged in, among other things, the research, development, manufacture and sale of Canine Lyme Vaccines, Canine Corona Virus Vaccines, and Feline Leukemia Vaccines.

7. Respondent is, and at all times relevant herein has been, engaged in commerce as "commerce" is defined in Section 1 of the Clayton Act, as amended, 15 U.S.C. § 12, and is a corporation whose business is in or affects commerce as "commerce" is defined in Section 4 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 44.

III. THE ACQUIRED COMPANY

8. Solvay is a corporation organized, existing, and doing business under and by virtue of the laws of Belgium, with its principal place of business located at Rue du Prince Albert, 33, 1050 Brussels, Belgium.
9. Solvay is engaged in, among other things, the research, development, manufacture and sale of Canine Lyme Vaccines, Canine Corona Virus Vaccines, and Feline Leukemia Vaccines.
10. Solvay is, and at all times relevant herein has been, engaged in commerce as "commerce" is defined in Section 1 of the Clayton Act, as amended, 15 U.S.C. § 12, and is a corporation whose business is in or affects commerce as "commerce" is defined in Section 4 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 44.

IV. THE ACQUISITION

11. On October 31, 1996, AHP entered into a Purchase Agreement with Solvay to purchase Solvay 's entire animal health business for approximately \$463 million ("Acquisition").

V. THE RELEVANT MARKETS

12. For purposes of this Complaint, the relevant lines of commerce in which to analyze the effects of the Acquisition are:
 - (a) the research, development, manufacture and sale of Canine Lyme Vaccines;
 - (b) the research, development, manufacture and sale of Canine Corona Virus Vaccines; and
 - (c) the research, development, manufacture and sale of Feline Leukemia Vaccines.

13. For purposes of this Complaint, the United States is the relevant geographic area in which to analyze the effects of the Acquisition in the relevant lines of commerce.

VI. STRUCTURE OF THE MARKETS

14. The market for the research, development, manufacture and sale of Canine Lyme Vaccines is highly concentrated as measured by the Herfindahl-Hirschman Index ("HHI"). The post merger HHI is 8,042 points, which is an increase of 1,976 points over the premerger HHI level. AHP and Solvay are two of only three suppliers of Canine Lyme Vaccines in the United States.
15. AHP and Solvay are actual competitors in the relevant market for the research, development, manufacture and sale of Canine Lyme Vaccines in the United States.
16. The market for the research, development, manufacture and sale of Canine Corona Virus Vaccines is highly concentrated as measured by the HHI. The post merger HHI is 5,496 points, which is an increase of 809 points over the premerger HHI level. AHP and Solvay are two of only a small number of suppliers of Canine Corona Virus Vaccines in the United States. With the exception of Solvay, other suppliers of Canine Corona Virus Vaccines license from AHP the right to manufacture and sell their vaccines.
17. AHP and Solvay are actual competitors in the relevant market for the research, development, manufacture and sale of Canine Corona Virus Vaccines in the United States.
18. The market for the research, development, manufacture and sale of Feline Leukemia Vaccines is highly concentrated as measured by the HHI. The post merger HHI is 6,980 points, which is an increase of 3,353 over the premerger HHI level. AHP and Solvay are two of only three suppliers of Feline Leukemia Vaccines in the United States.
19. AHP and Solvay are actual competitors in the relevant market for the research, development, manufacture and sale of Feline Leukemia Vaccines in the United States.

VII. BARRIERS TO ENTRY

20. Entry into the research, development, manufacture and sale of Canine Lyme Vaccines and Canine Corona Virus Vaccines is difficult and time consuming, requiring the expenditure of significant resources over a period of many years with no assurance that a viable commercial product will result. The existence of broad patents governing the manufacture of such products compounds the difficulty of new entry.
21. Entry into the research, development, manufacture and sale of Feline Leukemia Vaccines is difficult and time consuming, requiring the expenditure of significant resources over many years with no assurance that a viable commercial product will result.
22. The need to obtain approvals by the United States Department of Agriculture to manufacture and sell animal vaccines in the United States further lengthens the time required to enter the relevant markets.

VIII. EFFECTS OF THE ACQUISITION

23. The effects of the Acquisition, if consummated, may be substantially to lessen competition and to tend to create a monopoly in the relevant markets in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45, in the following ways, among others:
 - (a) by eliminating actual, direct, and substantial competition between AHP and Solvay in the relevant markets;
 - (b) by increasing the likelihood that AHP will unilaterally exercise market power in the relevant markets; and
 - (c) by increasing the likelihood of collusion or coordinated action among the remaining firms in the relevant markets.

IX. VIOLATIONS CHARGED

24. The Acquisition agreement described in Paragraph 11 constitutes a violation of Section 5 of the FTC Act, as amended, 15 U.S.C. § 45.

25. The Acquisition described in Paragraph 11, if consummated, would constitute a violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45.

WHEREFORE, THE PREMISES CONSIDERED, the Federal Trade Commission on this day of A.D., 1997, issues its Complaint against said respondent.

By the Commission.

Donald S. Clark
Secretary

SEAL:

ISSUED:

**ANALYSIS OF PROPOSED CONSENT ORDER
TO AID PUBLIC COMMENT**

The Federal Trade Commission ("Commission") has accepted, subject to final approval, an agreement containing a proposed Consent Order from American Home Products Corporation ("AHP") under which AHP would divest Solvay S.A. 's ("Solvay") canine lyme vaccine, canine corona virus combination vaccines and feline leukemia combination vaccines. The agreement is designed to remedy the anticompetitive effects resulting from AHP 's acquisition of Solvay 's animal health business.

The proposed Consent Order has been placed on the public record for sixty (60) days for reception of comments by interested persons. Comments received during this period will become part of the public record. After sixty (60) days, the Commission will again review the agreement and the comments received and will decide whether it should withdraw from the agreement or make final the agreement 's proposed Order.

The proposed complaint alleges that the proposed acquisition, if consummated, would constitute a violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45, in the markets for canine lyme vaccine, canine corona virus combination vaccines and feline leukemia combination vaccines.

The canine lyme, canine corona virus combination and feline leukemia combination vaccines are the only effective method to prevent certain companion animal diseases. These vaccines work by exposing the host animal's own immune system to specific antigens for the disease. These antigens in turn stimulate the immune system's production of antibodies, which protect the host animal against future exposure to the disease.

Companion animal vaccine manufacturers sell vaccines such as canine lyme, canine corona virus combination and feline leukemia combination to veterinarians, who then charge consumers when they bring their companion animals in for treatment. Veterinarians rely on competition among the vaccine manufacturers to drive down the cost of services they provide. Where a single vaccine manufacturer controls a large share of a vaccine market, that manufacturer is able to extract higher prices as a result.

AHP's proposed acquisition of Solvay's animal health business would give the combined entity a dominant position in the canine lyme, canine corona virus combination and feline leukemia combination vaccine markets. As a result, the combined entity would have the ability to raise prices in each of these markets.

Furthermore, entry into these markets is difficult and time consuming because of lengthy development periods and the need for approvals by the United States Department of Agriculture ("USDA") and is unlikely to offset the competitive harm that would result from the combination of AHP and Solvay's animal health business.

The proposed consent order requires AHP to divest certain assets to Schering-Plough, Ltd. ("Schering-Plough") relating to Solvay's canine lyme, canine corona virus combination and feline leukemia combination vaccines including, but not limited to, master seeds and cell stock, know-how, intellectual property and research and development. In addition, AHP is required to assist Schering-Plough in obtaining USDA certification. These assets in the hands of Schering-Plough are sufficient to replace the lost competition that would result from the acquisition. Public comments regarding all aspects of the proposed divestiture to Schering-Plough will be considered with other comments on the proposed Order.

Under the proposed Order, if Schering-Plough ceases to sell contract manufactured canine lyme, canine corona virus combination and feline leukemia combination vaccines prior to obtaining USDA certification, abandons its efforts to obtain USDA approval, or fails to obtain timely USDA approval, or in the event AHP fails to divest the assets absolutely and in good

faith, the Commission may terminate the divestiture agreement and appoint a trustee to divest Solvay 's canine lyme vaccine, canine corona virus combination vaccines, and feline leukemia combination vaccines, as well as Solvay 's Charles City Facility and equine vaccines. The crown jewel provision also includes, at AHP's discretion, a supply contract for a term not to exceed (3) three years from the date of the divestiture, which requires the new acquirer to supply AHP (i) any swine or poultry vaccines for sale worldwide, (ii) any canine lyme vaccine, canine corona virus combination vaccines and feline leukemia combination vaccines for sale by AHP outside the United States and Canada and (iii) single antigen rabies vaccine and feline leukemia combination vaccine with rabies for sale worldwide being produced at the Charles City Facility at the time of divestiture, priced at each vaccine 's average total cost. This crown jewel provision will ensure that a trustee can divest a package of assets that is sufficiently attractive to potential buyers.

Under the provisions of the proposed Order, AHP is also required to provide the Commission with a report of compliance with the divestiture provisions of the Order within sixty (60) days following the date this Order becomes final, and every ninety (90) days thereafter until AHP has fully complied with the divestiture provisions of the proposed Order.

The purpose of this analysis is to facilitate public comment on the proposed Order, and it is not intended to constitute an official interpretation of the agreement and proposed Order or to modify in any way their terms.

Concurring Statement of Commissioner Mary L. Azcuenaga
in American Home Products Corp ., File No. 971-0009

I concur in the decision to accept the consent agreement for public comment and write separately to invite comment on whether and when the Commission should require the firm divesting assets to give up patent rights beyond those acquired in the transaction at issue. Paragraph IID of the proposed order requires American Home Products (AHP) not only to license the intellectual property that it acquired from Solvay S.A., but also to agree not to sue the acquiring firm for infringement of vaccine patents that AHP owned before the acquisition. The firm purchasing the divested assets will obtain Solvay 's intellectual property free and clear of any claim that the Solvay vaccines infringe AHP 's patents. Should the Commission resolve the patent dispute regarding

whether Solvay 's vaccines infringed AHP 's patents, and if so, how should such a dispute be resolved?